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Small Business PCS Association  
96 Hillbrook Drive Portola Valley, CA 94028  
415-851-1615 FAX: 415-851-1870

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April 29, 1994

Ms. Donna R. Searcy  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

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RE: PP Docket No. 93-253/Ex Parte Presentations

Dear Ms. Searcy:


On March 14, 1994 I met with the following decision makers at the FCC:

Hon. Reed Hundt  
Hon. Andrew Barrett  
Hon. James Quello  
Mr. Brion Fontes  
Mr. John Winston

Attached is a copy of the main issues discussed.

Please let me know if you have any questions.

Sincerely,

  
Robert H. Kyle  
Chairman

Enclosure

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# **SBPCS Position on Auction Rules**

**Robert Kyle, Chairman  
Small Business PCS Association**

**March 14, 1994**

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- **Represent a Major Opportunity for Hundreds of Small, Woman- and Minority-Owned Businesses and Rural Telco's**
  - **The Only Way of Meeting the Intent of the Omnibus Budget Reconciliation Act of 1993 for SWMRs**
- **20 MHz (Block C) Set Aside Allows Full Competition with the MTAs and Cellular Companies (even with less spectrum)**
- **10 MHz (Block D) Set Aside Provides a Good Voice or Data Service (but not both)**

- **A Small Business Operating a Single BTA Can Compete Effectively with Large Businesses Operating Larger Service Areas**
  - **All Will Operate Under the Future US Standards for PCS (due to be complete in May 1994)**
  - **Economies Of Scale Have Diminishing Returns after 100,000 Subscribers (the most cost effective switch size)**
  - **SBPCS Will Form Large Buying Consortia Especially for Small Business**
  - **SBPCS Will Form a National Roaming Network for Small Business**

- **Upfront Payment**
  - **2¢ per MHz per POP Will Help Control Speculators**
  - **Refundable to a SWMR that Is Later Disqualified**
  - **If not High Bidder, Payment Reuseable For Other Licenses**
- **20% Payment**
  - **Onerous for Small Business**
  - **Should Be Eliminated for SWMRs**
- **The Same Financing Terms Available for a Set Aside License Should Be Available for Any License Acquired by a SWMR**
- **Payment Schedule**
  - **Payments Over Full License Term (10 years for PCS)**
  - **First Payment Due in 2 Years**
  - **Then Quarterly Payments 0.5% of License Price thru Year 5**
  - **Then Balance Amortized in Equal Payments thru Year 10**

- **In Any Geographic Region No One Class of License Holder Should Be Given an Advantage Over Any Other**
  - **Once the First MTA is Auctioned, All Component BTAs Should Be Auctioned Next**
  - **Otherwise the MTA License Holders Would Obtain Their Licenses Before Their BTA Competition and Have an Unfair Head Start**
- **Combined Bids for BTAs**
  - **Transforms BTA Bidding into Another Large Company Auction Like the MTAs**
  - **Unworkable since 491 BTAs Generate a Staggering Number of Combinations**
  - **Should not Be Allowed on Either a Frequency or Geographic Basis**

- **Must Be A Small Business**
  - **Less than \$6 million in Net Worth**
  - **Less than \$2 million in Profit After Tax**
  - **Less than \$40 million in Sales**
- **Use Number of Access Lines as the Standard for Rural Telco's**
- **Minorities and Woman Owned Businesses**
  - **Considered Under the Small Business Standard**
  - **Provide with Tax Credits (with legal clearance)**
- **For Consortia Bidding**
  - **90% of the Consortia Must be SWMRs**  
**(since each SWMR can be 49% owned by non-SWMRs)**
  - **No non-SWMR Purchase Options Allowed that Would Reduce SWMR Interest to Less than 90% in 3 Years**

- **SWMRs Need Financing Terms for Equipment Purchase**
- **Financial Institutions Want Security Interest in License as Collateral**
- **Necessary for SWMRs to Finance Infrastructure Costs**